



MAYBE THINGS WILL

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BE DIFFERENT THIS TIME

ELECTIONS, even weird ones, have a funny way of shaping expectations. The return of Donald Trump to the White House and his chaotic tariff policy have unleashed a world of economic hurt on U.S. trade partners, which means just about every nation on Earth. But Canada, at least, can see one unshakeable theme in the stream of threats and taunts from Washington: The country can no longer shirk spending on defence and security.

This is good news in the infrastructure-starved North. For the first time since 1958, when John Diefenbaker's Conservatives won a strong majority on a platform that included the Roads to Resources program, investment in transportation, energy and communications North of 60 would occupy a central place in the national interest. Diefenbaker's vision failed as Canada went into recession after he took office. But maybe things will be different this time.

If so, one proposal has emerged as a contender for major federal support—the Grays Bay Road and Port project. Led by the Kitikmeot Inuit Association through its majority-owned subsidiary, West Kitikmeot Resources Corp., the plan calls for the construction of a deepwater port on the Coronation Gulf at Grays Bay, a point on the southern route through the Northwest Passage. A 230-kilometre, all-season road will then link the port to the Slave Geological Province, a region with strong potential for mine development that also spills into the NWT. The price tag? Around \$1 billion once port infrastructure—including fuel storage, an airstrip and accommodations—are factored in.

That's a big expense, but project supporters argue that it offers massive paybacks. The Slave Geological Province is remote, which has discouraged investment over decades for all but the largest, most potentially profitable mining projects. If you lower the costs to get supplies in and ore out, however, the general consensus says that significant development will follow, especially for in-demand critical minerals, which in turn will benefit local communities.

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BY COOPER LANGFORD



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In a virtual meeting with Prime Minister Mark Carney in March, James Eetoolook, the acting president of the Kitikmeot Inuit Association, made Grays Bay the centre of his comments. “[W]e believe this project can open vast mineral deposits,” he said. “Having access to a road and port will allow projects in that area to become economically viable... We see mining as an opportunity to increase employment and contracting opportunities for Inuit, as well as an area where we can receive royalties that we can use to benefit our people through the creation of additional programs and services.”

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benefits, its value can justify a decision in Ottawa to spend public money.

But that raises yet another question: Can you do two things well at the same time?

THE MINERAL POTENTIAL of the Slave Geological Province has been well known for decades. It has already yielded the Giant and Con gold mines, operations that created the city of Yellowknife, as well as the diamond mines that have anchored the NWT economy for more than two decades. It hosts significant mineral deposits on the Nunavut side, including zinc and copper, which figure on the critical minerals list of many countries, including the United States. A lot of ground also remains unexplored.

Supporters argue that the Grays Bay proposal will alter the economics of the Central Arctic, leading to an influx of investment in exploration and, likely, mine development at properties such as Izok Lake, Hackett River and other still-to-be-discovered deposits. Moreover, the

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The message resonated with the prime minister. He name-checked Grays Bay two months later when asked by a reporter for a list of projects with the potential to meet his "nation-building" criteria of strengthening "Canada's autonomy, resilience and security." But a mention and a list of rhetorical criteria is different than a spending commitment. Grays Bay, though promising, faces steep challenges as an economic investment. If the potential for return on investment was clear, it would have been built by now. That's why its potential in terms of Arctic security is so important. If the project offers economic and military

fact so much remains unexplored may be a further incentive for investment.

"It's the land of giants," says Brendan Bell, CEO of West Kitikmeot Resources. "You've got these projects that require such heavy lifting from a capital expenditure perspective that the [major companies] are the only ones that can play... You have companies that are absolute pros at operating and recognizing the local community needs to be involved and invested."

Having served as minister for industry and resources in the NWT and later as CEO of Dominion Diamonds Corp., which bought the Ekati mine in 2013,



BRENDAN BELL
CEO OF WEST
KITIKMEOT
RESOURCES.

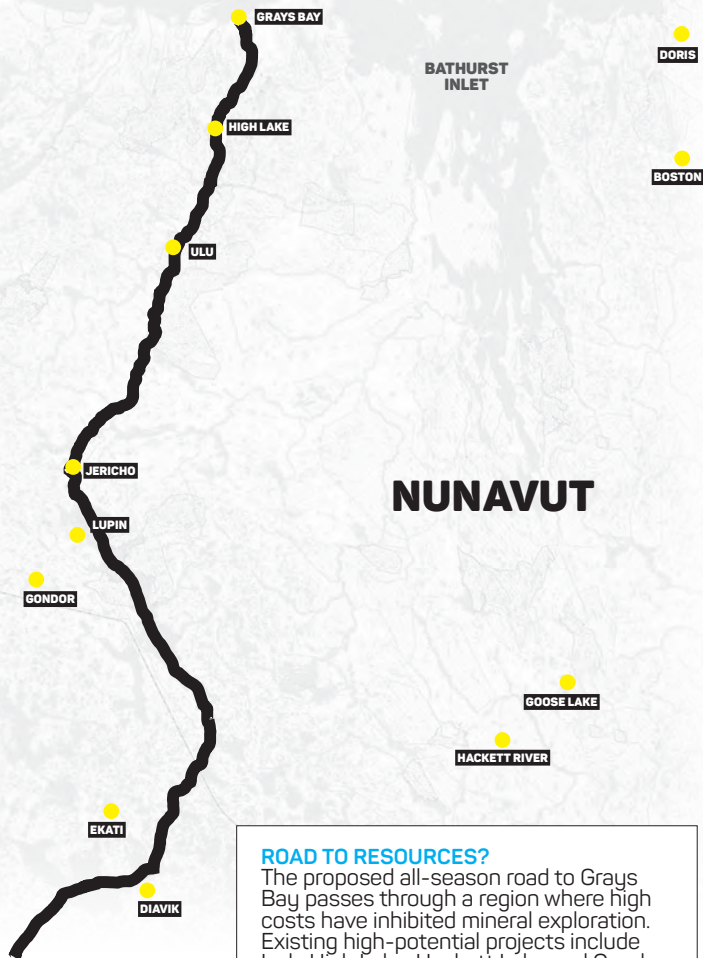


JAMES EETOOLOOK
ACTING PRESIDENT
OF THE KITIKMEOT
INUIT ASSOCIATION.

Bell's optimism is well grounded and thoughtfully considered. It is also widely shared among business, government and Indigenous leadership in both the territories and the rest of Canada.

But it is not universal. There is cause for caution on an "if you build it..." approach. True, Grays Bay makes exploration and development cheaper, but will it be cheap enough? After all, the concept of a port and road into the Slave Geological Province has been around for more than four decades in various iterations. During the diamond rush of the 1990s, companies explored the possibility of building access to tidewater, but they were unable to make the business case for diamonds and even gold that face lower costs when it comes to shipping production to market.

Rising international demand for critical minerals could change the economic picture, however. Ore for base metals such as copper and zinc must be shipped to refineries in Europe and Asia, which has made Central Arctic operations prohibitively expensive in the past. New demand and transportation infrastructure will lower that barrier, but nothing is certain. Trump's bizarre announcement of a 50-per-cent tariff on copper imports in July, for example, shows just how unpredictable U.S. sales might be. More concerning is competition. Canada's provinces are just as eager to capitalize on critical mineral demand as the terri-



ROAD TO RESOURCES?

The proposed all-season road to Grays Bay passes through a region where high costs have inhibited mineral exploration. Existing high-potential projects include Izok, High Lake, Hackett Lake and Gondor (copper, zinc and lead). Gold projects include Ulu, Hood River and Agnico Eagle's Hope Bay project, which is home to the Doris and Boston deposits.

The region also hosts the Ekati and Diavik diamond mines as well as B2Gold's new Goose gold mine. Former mines include the Lupin gold project and the short-lived Jericho diamond development.

tories and can access resources at lower costs. Moreover, they have the economic power to offer investment incentives the North can't match. And that's just at the national level.

"Your competition is actually Kazakhstan," says historian Ken Coates, who most recently served as program chair of Indigenous governance at Yukon University after 11 years as Canada research chair in regional innovation at the University of Saskatchewan. "It's Chile and it's Argentina and it's Brazil and, of these other countries, we have to be realistic... There are lots of good deposits, but how do they stand up competitively?"

Coates also argues that Canada has lost some of the features that made it attractive to investors in the past. Sparring between the provinces and Ottawa in recent years has rattled the case for intergovernmental cooperation. Canada's relationship with the United States, once rock solid, now moves beneath our national feet. That leaves only one path forward for Grays Bay. "There's almost no way you can justify massive infrastructure development on the economics," Coates says. "The investments have to be combined with defence and security."

ON JULY 8, business leaders in the NWT representing several industry associations wrote Dominic LeBlanc, federal minister for Canada-U.S. trade and intergovernmental affairs. Their aim? To make the case for a sister project to Grays Bay, an all-season road to the Slave Geological Province from the NWT side, connecting the region to the southern highway systems.



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The letter leaned hard on describing the project as part of an “Arctic Security Corridor,” describing it as “a nation-building and sovereignty-enhancing project” that will promote Canada’s economic growth and economic reconciliation while “enhancing security and reducing the cost of living.”

These are familiar themes among Grays Bay supporters. It’s less common, however, among those with experience in Arctic security, who have a broader view of Canada’s military needs. Col. Pierre Leblanc, retired former commander of CAF Northern Area Headquarters (now Joint Task Force North), questions the value often ascribed to Grays Bay, at least from a military perspective.

“The real reason to build that road is from an economical point of view,” he says. That’s not a bad thing—far from it—but the case for the project needs to be grounded in a realistic view of facts. For starters, Grays Bay is on a southern route through the Northwest Passage. Although central, it is still hundreds of kilometres from shipping and ice-breaking lanes that make transit possible. A road connection to southern Canada is an asset, if an entire Arctic security corridor is built. But there’s already road access to the Arctic Ocean along the Tuktoyaktuk highway, and the current practice of shipping supplies remains a cost-effective option.

“And if land is going to be attacked, it’s going to be on the periphery,” Leblanc says. “The closest target I can think of would be the Canadian Forces Station Alert on Ellesmere Island. The Russians would probably want to blind

that.” They’d likely also target the polar and Arctic over-the-horizon radar as well. “So, you can’t really defend Canada from Grays Bay.”

In fact, Leblanc has argued that Resolute Bay on Cornwallis Island deserves attention as a potential security hub due to its central location in the Arctic Archipelago and position as the most used of the seven routes through the Northwest Passage. Yes, Grays Bay has value in security terms, but it is not a singular solution. The better idea might be to develop it as “a civilian facility that is used by the military,” Leblanc says. For example, it could be used to refuel Coast Guard or Royal Canadian Navy ships. “Specifically, by having a large—or larger than necessary for a mining operation—fuel farm, the government can say, ‘You build an extra one and we’ll pay.’”

A BASIC CHALLENGE in understanding the potential of the Grays Bay Road and Port proposal is making a distinction between the ideas of “security” and



KEN COATES
FORMER PROGRAM
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COL. PIERRE LEBLANC
RETIRED FORMER
COMMANDER OF CAF
NORTHERN AREA
HEADQUARTERS.

**“WE HAVE TO
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HOW DO THEY STAND
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– KEN COATES



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“sovereignty.” In a strict sense, security is about military investment. But it is also part of the larger exercise of sovereignty, something developed countries establish socially and economically by creating healthy communities where individuals and families can thrive.

It’s hard to find anyone who disagrees with this concept, regardless of their view of the role Grays Bay can play in Canada’s evolving economic and security policy. Nunavut Premier P.J. Akeegok made the point eloquently in his keynote address at the Arctic Sovereignty and Security Summit in Iqaluit this past June. “We are reframing sovereignty not as a military posture but as an investment in people, infrastructure and resilience,” he said. “[W]e know real sovereignty is local. It means connected communities with reliable power. It means year-round access to transportation and internet. It means healthy homes, thriving economies and strong local governance.”

In other words, maybe the Grays Bay project should be built simply because it’s the right thing to do. Coates says Canada could learn a few lessons from Scandinavia, where the idea of a special “northern policy” has little profile. “Their main policy is very simple: People in northern Scandinavia should have

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